

EXECUTIVE DEPARTMENT

STATE OF CALIFORNIA



EXECUTIVE ORDER S-10-04
by the
Governor of the State of California

WHEREAS, on behalf of all Californians, the State of California owns and leases real property assets used for diverse public purposes, including, but not limited to, university campuses, highways, parks, correctional facilities, flood control levies, water storage and conveyance facilities, mental health hospitals, developmental centers, veterans homes, state fairs, fire stations, forensic laboratories, and office buildings; and

WHEREAS, a partial listing of these assets includes:

- ° 33 university campuses encompassing 6,300 buildings and 69 million square feet of structural space;
- ° 50,000 lane-miles of highways and 12,000 bridges;
- ° 33 adult prisons, nine institutions for youthful offenders, and four correctional hospitals;
- ° 11 forensic laboratories and one DNA laboratory;
- ° Two public health laboratories;
- ° 238 forest fire stations and 28 air attack and helitack bases;
- ° 277 park units covering nearly 1.5 million acres, and 228 wildlife reserves encompassing approximately one million acres;
- ° 210 Department of Motor Vehicle and 139 Highway Patrol offices;
- ° 32 million square feet of leased and owned office space managed by the Department of General Services, and millions more square feet managed by other state entities;
- ° Four mental health hospitals with more than four million square feet of facilities and five developmental centers with approximately five million square feet of space; and

WHEREAS, these real property assets are the infrastructure necessary to carry out the services, activities, and programs that California provides to its citizens and visitors, and those programmatic needs drive California's investment in and management of real property assets; and

WHEREAS, California's inventory of real property assets is collectively valued in the hundreds of billions of dollars, and includes priceless parcels of California's breathtaking natural resources, which must be protected for this and all future generations; and

WHEREAS, California state government is entrusted with managing the entirety of this asset inventory in a way that maximizes the public benefits without unnecessary expense; and

WHEREAS, this responsibility for management and efficient stewardship includes ensuring proper utilization and

maintenance of the assets, acting judiciously to increase the holdings in the inventory as necessary to meet increased needs for services to the public, and acting prudently to decrease the inventory when assets are surplus to the needs of serving the public; and

WHEREAS, California's real property asset management structure is spread across more than 40 boards, conservancies, commissions, and departments that acquire, trade, develop, and dispose of real property assets for various state programs; and

WHEREAS, California's decision-making process regarding the utilization of real property assets lacks statewide coordination, with nearly a hundred board members and department directors who govern the decisions regarding what property is added to and deleted from California's asset inventory; and

WHEREAS, there is no one set of laws, policies, or processes that comprehensively governs and coordinates the activities affecting California's asset inventory; and

WHEREAS, all properties purchased with funds derived from, or secured by, any tax or fee revenue are owned by the State of California, and are to be managed to benefit the citizens of California with the entities that have jurisdiction over these assets acting as stewards of the state's property for the people of California; and

WHEREAS, this disjointed system of real property asset management is deficient because it:

- ° Hinders statewide strategic planning;
- ° Inhibits the use of a consistent approach to determine whether the acquisition of a real property asset has a clearly identifiable public purpose and benefit;
- ° Inhibits the use of a consistent approach to determine whether the utilization of a real property asset meets statewide programmatic needs;
- ° Inhibits efforts to set coordinated statewide priorities for spending on real property assets;
- ° Leads to inconsistent and inequitable operational costs paid from departmental budgets for the use of real property assets;
- ° Allows some decisions to escape proper due diligence reviews and thereby increases the risk that the state will acquire low priority properties or properties with undiscovered costs and liabilities;
- ° Leads to inconsistent state policies in dealing with the public and other governments in real estate transactions;
- ° Contributes to an inefficient use of resources to manage, maintain, and govern California's real property assets;
- ° Has prevented the creation of a single system for accurately listing and tracking all of California's assets.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to become effective immediately:

1. The California Performance Review, in coordination with the State and Consumer Services Agency and the Department of General Services shall review all existing statutory and regulatory authorities and current laws and processes that govern the acquisition, use, management, and disposal of state real property assets. They shall make recommendations to the Governor regarding necessary reforms to improve the management of the state's portfolio of real assets.

2. All state agencies, departments, boards, and commissions under the authority of the Governor shall review all real property assets which are currently under their jurisdiction, as well as real property leased by the state. As part of this review, all state entities shall provide complete reporting of their property inventory in compliance with guidelines to be issued by the Department of General Services. The Department of General Services shall record these inventories in the Statewide Property Inventory.

3. All state agencies, departments, boards, and commissions shall review the current and anticipated programmatic need for the state-owned and leased property that they occupy or have under their stewardship, identify and report any property surplus to their current or future needs, and ensure that information is developed that completely and adequately describes and justifies existing and future programmatic needs for real property assets, including, but not limited to the information

developed in compliance with the requirements of the California Infrastructure Planning Act (Government Code sections 13100-13104).

4. Concurrent to this review of laws and policies, the California Performance Review shall identify potentially high value urban properties owned by the State of California, which may be underutilized or which may not reflect a highest and best use, and which may warrant realignment or disposal. The California Performance Review shall prepare a report and recommendation to the Governor by June 30th 2004.

5. All state entities under the Governor's executive authority shall cooperate fully with the State and Consumer Services Agency, Department of General Services and the California Performance Review and identify departmental resources currently performing activities related to asset management and provide assistance and personnel as needed to implement this Executive Order. Agency secretaries and other cabinet-level positions will be responsible for ensuring compliance with the provisions of this Executive Order. For those departments that do not have cabinet-level representation, department directors or executive officers shall be responsible for ensuring compliance with the provisions of this Executive Order.

6. Other entities of state government not under the Governor's direct executive authority, including constitutional officers, the legislative and judicial branches, and the University of California, California State University, and California Community Colleges are requested to actively participate in this effort.

7. The California Performance Review, in coordination with the State and Consumer Services Agency, Department of General Services and the Department of Finance are hereby directed to coordinate the implementation of this Executive Order and may issue management memos, as necessary.



IN WITNESS WHEREOF I have here unto set my hand and caused the Great Seal of the State of California to be affixed this the eleventh day of May 2004.

/s/ Arnold Schwarzenegger

Governor of California